

# GENERAL INSTRUCTIONS – Payroll Processor Forms

## WHO MUST FILE?

All payroll processors who conduct business in this state must register annually with the State Tax Assessor by January 30. *See* 10 M.R.S.A. § 1495-A. Registration forms will be mailed to registered payroll processors each year in December for registrations due the following January 30. Registration forms must be mailed to **Maine Revenue Services, Payroll Processor Registration, P.O. Box 9100, Augusta, ME 04332-9100.**

## PAYROLL PROCESSORS DISCLOSURE STATEMENT

Payroll processors are required to provide disclosure statements to clients for whom they handle funds. The statements must be provided at the time of contracting with the client and by September 1 of every even-numbered year thereafter. Disclosure statement forms will be mailed to registered payroll processors each year along with the annual registration form.

## DEFINITIONS

**A. “EMPLOYER”** means a person that maintains an office or otherwise transacts business in Maine and that makes payment of wages taxable to Maine.

**B. “FILING RETURNS OR REPORTS”** means submission to the state of required Quarterly Withholding Reports or Combined Quarterly Withholding and Unemployment Contributions Reports. The person signing, or authorized to affix the client signature to, the reports is considered the person filing the reports.

**C. “HANDLING CLIENT FUNDS”** means issuing payroll checks or collecting, holding and/or remitting Maine income tax withholding and/or unemployment insurance contributions to the state.

**D. “ISSUING PAYROLL CHECKS”** means payment of wages to employees. The person signing the payroll checks, authorized to affix the client signature to payroll checks, or initiating Electronic Funds Transfer (“EFT”) transactions for direct deposit to employees bank accounts is considered the person issuing the payroll checks.

**E. “PAYROLL PROCESSING SERVICES”** means preparing and issuing payroll checks, preparing and filing state

income withholding tax reports or unemployment insurance contribution reports, or collecting, holding and turning over to the State Tax Assessor income withholding taxes pursuant to 36 M.R.S.A. § 5250 or unemployment insurance contributions pursuant to 26 M.R.S.A. §§ 1221-41.

**F. “PAYROLL PROCESSOR”** means a person who provides payroll processing services for one or more employers.

**G. “PREPARING PAYROLL CHECKS”** means the application of employee data to determine gross pay, federal withholding taxes, state withholding taxes, federal/state unemployment contributions or payroll deductions for the purpose of issuing payroll checks.

**H. “PREPARING RETURNS OR REPORTS”** means the collection and application of payroll data for the purpose of preparing Quarterly Withholding Reports or Combined Quarterly Withholding and Unemployment Contributions Reports for submission to the state.

## PROOF OF LIABILITY INSURANCE

Payroll processors are required to provide proof of liability insurance when filing the annual registration form. The amount of coverage must be 2 times the highest weekly payroll processed in the preceding calendar year or \$5,000,000, whichever is less. “Payroll processed” is the amount equal to the total gross payroll of all clients for whom you prepared payroll checks in the preceding calendar year. Payroll paid on other than a weekly basis must be converted to weekly payroll amounts for purposes of this calculation. *See* 10 M.R.S.A. § 1495-A (3). The registrant may choose from one of the following to meet this requirement:

- Fidelity bond;
- Employee dishonesty bond;
- Third-party fidelity coverage; or
- Liability insurance, including crime coverage.

Proof of coverage shall be in the form of:

- A certificate of insurance;
- A copy of the insurance policy declaration; or
- Other documentation provided by the insurance company that includes substantially the same information.

# SPECIFIC INSTRUCTIONS – Payroll Processor Forms

## INSTRUCTIONS FOR PAYROLL PROCESSORS ANNUAL STATE REGISTRATION

**Business type:** Check the appropriate box and enter the appropriate identification number beneath the checked box.

**Payroll processor name:** Enter the company's business name.

**Mailing address:** Enter the company's full business mailing address and include a contact person's name, telephone number, and email address (if applicable).

**Services performed:** Check all the boxes that apply and the number of clients receiving payroll processing services.

**Physical location:** Enter the company's physical location, if different from the mailing address.

**Note:** A payroll processor required to register that fails to do so commits a civil violation and is subject to penalties of up to \$2,500.

**Criminal Violations:** A payroll processor is a fiduciary for purposes of 17-A M.R.S.A. § 903.

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## INSTRUCTIONS FOR PAYROLL PROCESSORS DISCLOSURE STATEMENT (The form may be photocopied as needed.)

**Name of Payroll Processor:** Enter the company's business name.

**Address:** Enter the full mailing address.

**Length of time in business:** Enter the number of years the company has provided payroll processing services. If less than one year, enter the number of months these services have been performed by the company.

**Does the payroll processor contract out any payroll processing services?**

If the company hires, or will hire, subcontractors to perform payroll processing services, check the "Yes" box. If the company performs, or will perform, all payroll processing services, check the "No" box. Payroll processing services include preparing/issuing payroll checks, preparing/filing tax returns (including quarterly withholding/Unemployment Contributions reports), collecting/submitting employee income tax withholding or collecting/submitting Unemployment Insurance Contributions.

**If yes, to whom is each service contracted?**

**Contractor:** Enter the business name, address and phone number of the company that performs, or will perform, the subcontracted payroll processing service. Enter the complete information for each subcontractor.

**Services provided:** List all the payroll processing services performed, or that will be performed, by the subcontractor.

**Note:** The disclosure form must be provided to all new client-employers for whom funds are handled at the time of initial contract and thereafter, on or before September 1 of each even-numbered year.

**Failure to disclose required information to clients constitutes a civil violation, and will subject the payroll processor to penalties of up to \$250 for each violation. 10 M.R.S.A. § 1495-C.**

If you have any questions regarding this form, please call Maine Revenue Services at (207) 626-8475.

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## ELECTRONIC FUNDS TRANSFER ("EFT")

Payroll processors who remit withholding tax payments to the state on behalf of client-employers are required to remit the payments via EFT, and must do so by the Automated Clearing House ("ACH") Credit method. MRS Rule 102 outlines EFT requirements and registration procedures for ACH Credit payments. MRS Rule 102 can be obtained from our Web site at: [www.state.me.us/revenue](http://www.state.me.us/revenue), or by calling (207) 624-7894.



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## PAYROLL PROCESSORS ANNUAL STATE REGISTRATION

To be filed with the State Tax Assessor by January 30

This form is required by 10 M.R.S.A. § 1495-A(1).

☐ Check here if you operate as a sole proprietor ☐ Check here if you operate as a partnership, S corp, C corp or LLC

If you operate as a sole proprietor,  
enter your social security number

Enter your Employer Identification Number

\_\_\_\_\_  
Payroll Processor Name

\_\_\_\_\_

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
City/Town State ZIP Code

\_\_\_\_\_  
Contact Person Phone Number

\_\_\_\_\_

\_\_\_\_\_  
E-mail address (if applicable)

### Services performed (check all that apply)

- |  |   |
|--|---|
| <input type="checkbox"/> Prepare payroll checks                              | <input type="checkbox"/> Issue payroll checks   |
| <input type="checkbox"/> Prepare tax reports                                 | <input type="checkbox"/> File tax reports<br>(including quarterly withholding/UC reports) |
| <input type="checkbox"/> Collect/submit employee income tax withholding      |   |
| <input type="checkbox"/> Collect/submit unemployment insurance contributions |   |
| <input type="checkbox"/> Other (list): _____                                 |   |

Number of clients receiving payroll processing services \_\_\_\_\_

### Physical location where payroll processing services are performed

\_\_\_\_\_  
Address

\_\_\_\_\_  
City/Town State ZIP Code

\_\_\_\_\_

Under penalties of perjury, I declare that I have examined this form and accompanying schedules and statements and to the best of my knowledge and belief they are true, correct, and complete.

\_\_\_\_\_  
Date Officer's Signature Title

☐ Check here if you are no longer  
performing payroll processing services

Date you discontinued  
payroll processing services \_\_\_\_\_

Mail this form to: **Maine Revenue Services**  
**P.O. Box 9100**  
**Augusta, ME 04332-9100**